

CalPERS Board of Administration
Audit Plan

Fiscal Years 2007-08 and 2008-09



Office of Audit Services
June 2007

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■ ■ ■ INTERNAL AUDITING ■ ■ ■

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

ACTUARIAL OFFICE

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Other post employment benefit funding formulas	600			

BENEFIT SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Disability retirement	600			
Service retirement	500			
Financial Integrity and State Manager's Accountability (SAM 20060)	(included in OFAS' hours)		(included in OFAS' hours)	
Public agency member earnings and contributions reported to CalPERS and agency payroll records and payroll reporting process	(included in OFAS' hours)		(included in OFAS' hours)	

CUSTOMER SERVICE AND EDUCATION DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Regional Offices			600	

EMPLOYER AND MEMBER HEALTH SERVICES

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Medicare Part D	700			
Manage public agency resolutions	550			
Appeals and grievances			650	
Enrollment for retirees and maintenance of state retiree dental			500	
Public agency member eligibility for health benefits	(included in OFAS' hours)		(included in OFAS' hours)	

EMPLOYER SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Compensation review	500			
Public agency member earnings and contributions reported to CalPERS, agency payroll records and payroll reporting process, and access and security controls for ACES	(included in OFAS' hours)		(included in OFAS' hours)	

FISCAL SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Administrative accounting – Colliers billing	500			
Investments accounted for by State Street Bank but not on PAM	500			
EMBARC/Collections Unit	200		550	
Coordination of annual CalPERS financial statements	150		150	
Coordination of management letter from external auditor related to the financial statement audit	50		50	
Review and analysis of CalPERS financial statements	200		200	
Contract audit – annual financial statement audit/other attestation		\$ 566,099		\$ 564,218
Prefunding Plan for Health Plans – GASB 45			550	
Financial Integrity and State Manager's Accountability (SAM 20060)	(included in OFAS' hours)		(included in OFAS' hours)	

HUMAN RESOURCES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Financial Integrity and State Manager's Accountability (SAM 20060)	(included in OFAS' hours)		(included in OFAS' hours)	

INFORMATION SECURITY OFFICE

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Information Security Committee	350		500	
Acquisition and maintenance of technology infrastructure			600	
Information Systems Security and Confidentiality Acknowledgement (ISSCA) compliance review			250	
IT security risk analysis and management (SAM 4842)			300	
System security and technical safeguards of electronic confidential information			600	
Financial Integrity and State Manager's Accountability (SAM 20060)	(included in OFAS' hours)		Included in OFAS' hours)	

INFORMATION TECHNOLOGY SERVICES BRANCH

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Change management	600			
Configuration management	600			
Software asset management	500			
Agency Operational Recovery Plan (ORP), SAM Section 4843.1 - finalize	50			
Virtual Information System Architecture (VISA)	450		200	
Security certification and accreditation process	750		750	
Computer operations management			600	
Identity and access management			450	
Management of continuous services			600	
Financial Integrity and State Manager's Accountability (SAM 20060)	(included in OFAS' hours)		(included in OFAS' hours)	

INVESTMENT OFFICE

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Corporate Governance – investing side	500			
Investment accounting automation	500			
Review of internal use of derivatives across asset classes	600			
Staffing level in Investment Office	250			
Alternative investment management partner – finalize prior year review	50			
State Street client specific review – finalize prior year review	50			
Alternative investment management partner reviews	500		500	
External manager reviews (global equity/fixed income)	500		500	
Coordinate contract real estate compliance audits	600		600	
Monitor and resolve real estate compliance audit findings to report to the Board of Administration	525		525	
Contract audit – real estate compliance audits		\$ 1,500,000		\$ 1,500,000
Asset allocation			500	
Commodities program			575	
Proxy voting by Corporate Governance Unit			600	
State Street client specific review			600	
Real estate investments			500	

INVESTMENT OFFICE (continued)

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Securities lending IT applications			500	
Financial Integrity and State Manager's Accountability (SAM 20060)	(included in OFAS' hours)		(included in OFAS' hours)	

MEMBER SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Annual member statement process	400			
State Alternative Retirement Plan	100		100	
Judges' and Legislators' 1099R process			500	
Retirement estimates			525	
Public agency member earnings and contributions reported to CalPERS and agency payroll records and payroll reporting process	(included in OFAS' hours)		(included in OFAS' hours)	

OFFICE OF AUDIT SERVICES

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
<i>Public Agency Audits (14,600 hours in 2007-08; 14,600 hours in 2008-08)</i>				
Review of 53 contracting agencies (48 public agencies, schools, and district agricultural associations; 4 state agencies; and 1 CSU) to ensure compliance with California Government Code and California Code of Regulations	14,000		14,000	
Public agency special projects and requests	300		300	
Public agency risk assessment	300		300	
<i>Multi-Divisional Projects (7,835 hours in 2007-08; 8,955 hours in 2008-09)</i>				
Management consulting projects	3,635		3,305	
Pension System Resumption (PSR) project	1,500		750	
Enterprise-wide risk assessment and biennial audit plan	600		600	
Financial Integrity and State Manager's Accountability (SAM 20060)	500		3,000	
Fraud risk assessment	500		200	
Monitor and resolve audit findings to report to the Board of Administration	700		700	
Quarterly status report to the Board of Administration	400		400	

OFFICE OF AUDIT SERVICES (continued)

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
OFAS Internal Activities (2,940 hours in 2007-08; 1,140 hours in 2008-09)				
Auditor recruitment	1,800			
Quality Assessment Program (SPPIA 1310)	100		100	
Computer assisted audit techniques	200		200	
PC contact	120		120	
Professional organizations	200		200	
TeamMate audit software facilitation	120		120	
Update OFAS policy and procedure manual	100		100	
Employee Involvement Team	150		150	
United Way California State Employees Campaign	100		100	
Division legislative representative	50		50	

OFFICE OF HEALTH PLAN ADMINISTRATION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Coordinate Caremark audit	200			
Contract compliance of third-party administrator Long Term Care Group	400			
Rate development process – self funded plans	550			
Blue Cross claims review – finalize prior year review	50			
California Correctional Peace Officers Association – finalize prior year review	50			
HMO performance and contract compliance	1,500		1,500	
Contract compliance of third-party administrator Blue Cross	600		800	
Pharmacy benefit manager contract compliance	600		700	
Financial ratio analysis of HMOs	50		50	
Contract development			500	
Review of Long Term Care program oversight			550	

OPERATIONS SUPPORT SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Offsite warehouse	550			
Business continuity – finalize prior year review	50			
Board election management	150		180	
Triennial review of contract activities and procurement process	300		300	
Financial Integrity and State Manager's Accountability (SAM 20060)	(included in OFAS' hours)		(included in OFAS' hours)	

STRATEGIC MANAGEMENT SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Enterprise Transition Management	500			

SUPPLEMENTAL INCOME PLANS DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audits by contract in 2007-08</i>	<i>Audit hours in 2008-09</i>	<i>Audits by contract in 2008-09</i>
Coordinate audit of Savings Plus deferred compensation program investment options managed by CalPERS	50		50	
Accounting and financial reporting for IRC 457 Plan – finalize prior year review	50			
Contract audit – annual audit of Savings Plus deferred compensation program investment options managed by CalPERS		(Amount included in contract for annual financial statement audit)		(Amount included in contract for annual financial statement audit)

TOTAL HOURS BY DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2007-08</i>	<i>Audit hours in 2008-09</i>
Actuarial Office	600	
Benefit Services Division	1,100	
Customer Service and Education Division		600
Employer and Member Health Services	1,250	1,150
Employer Services Division	500	
Fiscal Services Division	1,600	1,500
Information Security Office	350	2,250
Information Technology Services Branch	2,950	2,600
Investment Office	4,075	5,400
Member Services Division	500	1,125
Office of Audit Services – Public Agency Reviews	14,600	14,600
Office of Audit Services – Multi-Divisional Projects	7,835	8,955
Office of Audit Services – Internal Activities	2,940	1,140
Office of Health Plan Administration	4,000	4,100
Operations Support Services Division	1,050	480
Strategic Management Services Division	500	
Supplemental Income Plans Division	100	50
Total	43,950	43,950

TOTAL HOURS BY AUDIT PROGRAM

<i>Staffing Resources by Program</i>	<i>Audit hours in 2007-08</i>	<i>Audit hours in 2008-09</i>
Assurance and Consulting Services	17,700	17,700
Information Systems Audits	6,000	6,000
Public Agency Audits	15,000	15,000
Health Plan Audits	5,250	5,250
Total ⁽¹⁾	43,950	43,950

⁽¹⁾ Total hours are adjusted to reflect vacations, leave, training, and other hours unavailable for audit activities.

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